

State Energy Efficient Appliance Rebate Program

Grant Closure Update
Revised February 17, 2012 (Revisions highlighted)

On February 17, 2012 all State Energy Efficient Appliance Rebate Programs will close, per the terms of the grant agreement regarding period of performance with the U.S. Department of Energy (DOE). This will have implications for multiple aspects of your program, if it is still open.

Rebates

As all programs will close on February 17, no additional rebate applications can be accepted on or after that date.

Rebates may be paid after that date, but only if the application was received, processed, and approved for payment prior to February 17.

Equally important is that all rebate payments must be drawn down from the [Automated Standards Application for Payments \(ASAP\) System](#) before February 17, 2012, 11:59 pm Pacific time. When a State makes a draw down request on ASAP, it posts the following day. The deadline applies to when the request is made. States must make their draw down requests for rebate payments before the deadline.

Rebates should be issued promptly as the Final Report cannot be submitted until all rebates have been issued. It is not necessary for all consumers to have cashed their checks for a State to submit its Final Report.

Reporting

On February 17, DOE Idaho will send Final Report packets to all States with open programs. These reports are due back to DOE 90 days later (May 17, 2012). Please note that this is the last day to submit an approvable report and States are discouraged from waiting for this deadline.

As has been discussed on the SEO Conference Calls, the Final Report is rarely approved based on the first submission. You should plan on having to make revisions to your submitted Final Report; submitting 30 days after issuing the last rebate should allow sufficient time to get Final Reports approved prior to May 17.

All quarterly reports (SF-425, OMB, Quarterly Progress Report) must still be submitted until the Final Report is approved.

Administrative Costs

The costs associated with closing the rebate program and completing the Final Report are eligible for reimbursement by DOE, subject to the cost match requirements. However, as an

approvable Final Report requires an up-to-date and complete budget, all draw downs for these administrative costs must be completed prior to the submittal of the Final Report.

Consumers and Partners

Please notify consumers and all program partners about the closing date of the program as soon as possible. Not only can this help drive rebate applications, it will also help reduce the number of complaints about the program closing.

DOE will send notices about this closing date to all the national retailers; appliance, HVAC, and water heater manufacturers; and several national trade associations.

Moving Forward

DOE will continue to provide support and develop guidance for States leading up to the end of the period of performance. If you have questions or concerns please contact your D&R account manager who will address your issue quickly.

Following are the questions from the Q&A document that address reporting to help you understand all the guidance issued by DOE on this subject.

For Reference: Relevant Items from the Official [Q&A Document](#)

Topics

1. [Final Reporting](#)
2. [Cost Sharing](#)
3. [In-kind Contributions](#)
4. [Recycling](#)
5. [Rebate Processor](#)
6. [Increasing Rebate Amount](#)
7. [Document Storage](#)

Final Reporting

Q&A #6.

How should States report administrative costs on the final SF-424? Should the State share and federal share of the administrative costs be shown separately?

States should report total proposed administrative costs, and then delineate the portion for which DOE funds will be used. As specified in the FOA, the DOE share of administrative costs is limited to 50% of the total identified administrative costs. (See related Q&A #87)

Q&A #37.

What do States need to track and report to DOE?

The FOA outlined elements that must be reported quarterly to DOE, but the reporting guidelines were updated in a document titled “Reporting Guidance for States and Territories” dated November 25, 2009. The document is incorporated in each State and Territory grant award, and can be found on the DOE Web site:

http://apps1.eere.energy.gov/states/appliance_rebate.cfm.

Q&A #38.

How often are the reports due, and where are they submitted?

Program financial and progress reports will be due quarterly, with the first one to be submitted to DOE on 01/30/2010. All quarterly reports should be submitted to the DOE Procurement Services Division (PSD): psdrept@id.doe.gov and to lani.macrae@ee.doe.gov. The November 25, 2009 Reporting Guidance document also specifies a Special Progress Report due on July 30, 2010, and a Final report due 90 days following program completion. States must also submit Section 1512(c) Recovery Act Reports to the Office of Management and Budget. These reports are submitted quarterly at www.federalreporting.gov. (Revised 6/30/10)

Q&A #72. (This no longer applies after February 17, 2012)

Under what conditions may a State or Territory apply to close its SEEARP program?

A State or Territory may request to close its program when both of the following conditions are met:

1. All rebates must be completely closed:
 - Consumers may no longer submit applications; and
 - The State or Territory will no longer process or pay out any rebates.
2. No more than 10 percent or \$20,000, (whichever is less) of total allocation is unaccounted for in the State or Territory's SEEARP balance sheet. (11/23/10)

Q&A #73.

What should a State or Territory do to formally close its program once the above conditions have been met? (1-5 no longer apply after February 17, 2012)

1. The State or Territory should notify DOE of its intent to close.
2. DOE will provide the State or Territory with an "Intent to Close Notification" form.
3. The State or Territory should fill out the "Intent to Close Notification" and return the completed form to DOE.
4. Once the completed form is received, DOE will review the request for approval.
5. Upon approval, DOE Idaho will send the Final Report Packet to the State or Territory in preparation for program closeout.
6. Following DOE approval, the State or Territory will continue to submit according to schedule:
 - Quarterly Progress Reports, through the last quarter of rebate payments
 - SF-425s, through the last quarter with administrative spending
 - OMB reports, through the last quarter with administrative spending
7. Within 90 days of approval, the State or Territory will submit the Final Report Packet:
 - Final Narrative Report
 - Final Rebate Report
 - Final Budget Report
 - Any other outstanding administrative items.
8. Within 90 days of approval, or by February 17, 2012 (whichever is earlier), the State or Territory will draw down all remaining allocated funds.
9. Following completion of items 6, 7, and 8, DOE will notify the State or Territory of final closure.
- 10. States and Territories must apply to close their programs before the closure date listed in their official grant award contract agreements with DOE Idaho.**
(Revised #8 on 11/23/11. Revised #10 on 7/13/2011. Revised #9 on 12/31/10. Originally posted 1/23/10.)

Q&A #75.

We are earning interest on our SEEARP grant funds. What do we need to do to report how we use those funds in our program?

There is no need to amend your grant agreement or your budget for the program. Just make sure the full amount of rebate funding (grant award + interest) is reported accurately in your final report including a separate line item in the budget that shows how much interest income was earned and used for rebates. (12/28/10)

Q&A #80.

Is an A-133 audit required prior to project close-out?

Maybe. Per federal regulations, if an A-133 audit is required, then the State should have it performed as spelled out in the A-133 requirements. The A-133 audit is not specific to or specifically required by the appliance rebate award and therefore, the two are not directly linked. However, the timing may be such that the A-133 audit is required before closeout. For example, where States received their federal funding at the beginning of the award and it is now well past the one-year mark, it is most probable that the audits should have already been performed. Because most States already have the A-133 audits done annually, this will likely not be an issue. Additional information about A-133 audits is at: www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010. (7/13/11)

Q&A #83.

How must a State or Territory report in-kind contributions received in the final report?

In the Final Budget Report, States are required to:

- List all in-kind contributions in the “In-kind Funding” tab.
- Provide confirmation letters for all in-kind contributions listed.

In the Final Narrative Report, States are required to:

- List all in-kind contributions received. For each in-kind contribution listed, States should provide the name of the organization providing the in-kind contribution, a description of the in-kind contribution (funding, marketing, education, etc.), and the value of the contribution. Although DOE does not need supporting materials to be submitted, States are advised to save copies of representative materials to support these contributions in case of an audit. (7/13/11)

Q&A #84.

A State or Territory used additional funds to provide more rebates through its SEEARP program. Should the SEO report these leveraged funds in the final report?

Leveraged funds are used by States to provide more rebates through their SEEARP program. Leveraged funds may come from other federal programs like SEP or EECBG or

other State sources. Funds used to meet State match requirements are not considered leveraged funds.

- In the Final Budget Report, States must not include this leveraged funding. States should only report on funds provided by the SEEARP grant.
- In the Final Narrative Report, States should provide detail on any additional funding sources. States should indicate the total amount received per source, divided between amounts used for administrative costs and for rebates.
- In the Final Rebate Report, States must not include rebates funded by sources other than SEEARP. DOE requests that States provide, as an addendum, the template for the Final Rebate Report populated with the rebate transactions funded by these other sources. (7/13/11)

Example: State A received and expended \$1 million of SEEARP funds on rebates and administrative costs. Because of the rebates' popularity, State A decided to use \$500,000 from SEP funding to continue the program for 2,000 additional rebates.

- In the Final Budget Report, State A must not include any of the SEP funding. This report must reflect only the \$1 million SEEARP grant and the State's cost-share.
- In the Final Narrative Report, Section VII, Program Results, E. Future Plans, State A should list each additional funding source and the amount, and break out the administrative and rebate costs. Also indicate how many rebates were distributed per appliance.
- In the Final Rebate Report, State A must not include any appliances that were funded by sources other than SEEARP. DOE requests that States provide, as an addendum, the same report for these additional rebates funded by non-SEEARP sources. (7/13/11)

Cost Sharing

Q&A #14.

Is there a limit on administrative costs as a percentage of total budget?

States are advised to minimize administrative costs in order to maximize rebate funds available to consumers. States are further advised to keep administrative costs within ten to twenty-five percent of their total program costs. For example, if a State's total program budget is \$2.0 million, then the total administrative costs should not exceed \$500,000. In this instance, DOE funding would cover only \$250,000, which is half of the total administrative cost estimate, and \$1.75M would be received by consumers in the form of rebates.

Q&A #15.

Must States share any of the program costs?

Yes. States are responsible for covering 50% of the identified administrative costs. Their federal allocation may fund the full cost of all appliance rebates as well as the remaining 50% of the administrative costs. (See related Q&A #87)

Q&A #87.

If, during close-out, a State determines that it does not have the required 50% administrative cost match through either State-sourced funds, confirmed in-kind match, or some combination of the two, what should the State do?

DOE has provided guidance regarding States that have not met the minimum 50% administrative cost match. This requirement is statutory and cannot be waived. Any State that does not meet this 50% administrative cost match must adjust these costs on the Final Budget Report; this could mean reimbursing DOE for administrative funds used. DOE is finalizing the process and paperwork for returning funds. It will be published as soon as possible. (12/06/11. See related Q&As 6, 15, 16, 17, 18, and 66)

In-kind Contributions

Q&A #17.

Can an entity other than the State provide the funds for the 50% share of administrative costs?

Yes. States may partner with other organizations (e.g., retailers, manufacturers, or utilities) that agree to cover the required cost share on the State's behalf. Signed letters of commitment from the other organization(s) must be included in the full application. In the case of a retailer funding these costs, the State must disclose potential conflicts of interest. The State, for example, must not disadvantage other retailers to the advantage of a single retailer covering the costs. Furthermore, even if a State outsources the administrative expenses, the State is still has responsibility for reporting to DOE. (See related Q&A #87)

Q&A #18.

Can the contribution toward administrative costs be “in-kind” rather than an actual financial payment?

Yes. States must delineate all administrative costs and indicate those considered “in-kind.” Any arrangements for in-kind support from third parties should be explained fully in the comprehensive application. (See related Q&A #87)

Q&A #50.**How must a State document in-kind contributions? Will the sensitive information be protected?**

To document in-kind contributions of administrative costs from third parties (e.g., retailers, utilities, manufacturers), a State must provide a commitment letter from the third party outlining the types of services to be provided and the estimated dollar value of those services. Recognizing that these letters may contain confidential or proprietary business information, DOE recommends that a State use one or more of the following options when gathering and submitting these letters to DOE:

1. Mark all letters as “confidential.” DOE General Counsel has advised that any document received marked “confidential” will not be released without permission from the originator.
2. Inform third parties that they can send their individual letters directly to DOE Procurement Officer Jeff Fogg on behalf of the State. In this situation, only contract officers working on the Appliance Rebate project will have access to the commitment letters. The contracting office has received letters directly from companies and industries in the past as part of a grant or solicitation package where there has been concern about propriety of information.
3. Ask the Statewide Retail Federation to aggregate retailer commitments into a single State-specific letter that lists all participants and activities, but only includes a single dollar amount.
4. If needed, D&R International can serve as the aggregator for a State. D&R currently holds non-disclosure agreements with all major retailers and can receive the letters and provide an aggregated figure to DOE to satisfy the Application requirements. This firm has held these agreements with ENERGY STAR partners for many years and has aggregated sales data yearly for calculating ENERGY STAR market share.

Q&A #59.**Do States need to track and report on in-kind contributions received from third parties, such as retailers or utilities?**

States do not need to include the dollar value of in-kind contributions in quarterly financial reports submitted to DOE. However, DOE expects that States will take reasonable steps to confirm that the promised in-kind support was actually provided. This could include gathering and storing copies of marketing materials or ads produced by the third parties, or securing a confirmation letter from the party outlining the steps that were taken. (2/24/10) (See Related Q&A #83 below)

Q&A #66.

Our State’s utility partner committed to providing in-kind support for the program. What happens if we disburse all of our rebate funds before the utility partner has had a chance to meet its in-kind marketing support obligations?

In accordance with the legislation authorizing this program, DOE cannot fund more than 50 percent of a State's administrative costs for the program. If a program ends sooner than anticipated, there may be a resulting reduction in the administrative budget. If a reduction does occur, whether for in-kind services or direct costs, the State should submit a revised budget to DOE for approval. The revised budget should reflect any reduction in administrative costs and it should demonstrate that the federal funding requested for administrative costs does not exceed 50 percent of the total administrative costs. (6/3/10) (See related Q&A #87)

Q&A #83.

How must a State or Territory report in-kind contributions received in the final report?

In the Final Budget Report, States are required to:

- List all in-kind contributions in the “In-kind Funding” tab.
- Provide confirmation letters for all in-kind contributions listed.

In the Final Narrative Report, States are required to:

- List all in-kind contributions received. For each in-kind contribution listed, States should provide the name of the organization providing the in-kind contribution, a description of the in-kind contribution (funding, marketing, education, etc.), and the value of the contribution. Although DOE does not need supporting materials to be submitted, States are advised to save copies of representative materials to support these contributions in case of an audit. (7/13/11)

Recycling

Q&A #30.

May States use ARRA funds to pay for product recycling?

The costs to *administer* the recycling component of a State program may be included as an administrative cost.

Drawing Down and Spending Funds

Q&A #36.

How long do States have to spend their money?

The final deadline for use of all ARRA funds, including the Appliance Rebate Program is February 2012 (36 months from enactment of the ARRA legislation). States are encouraged to expend their funds as quickly as is prudent.

Q&A #57.

If a State or Territory has funds remaining at the conclusion of its program, what happens to the money?

If any program funds remain unspent at the end of the State's program, the dollars left on the award will be de-obligated and returned to DOE. States are encouraged to expend all awarded funds, and to anticipate any administrative cost reductions in advance so extra funds can be shifted into rebate payments if possible. Once the State issues a rebate to a consumer, whether in the form of a voucher, check, or pre-paid card, DOE considers the funds to be spent. DOE recognizes that States may be safeguarding rebate funds in an escrow or similar type of account until all payments are issued, and that there may be funds remaining in this account at the end of the program due to uncashed checks. To allow a timely closeout of the account, States may consider including an appropriate time limit or expiration date on all rebate checks. Any unclaimed rebate funds remaining after the program has concluded should be handled according to State law, e.g., transferred to unclaimed property or returned to the State's treasury. (2/24/10)

Q&A #65.

My State has over-budgeted for administrative costs and wants to shift some funds to rebate dollars. What is the process for doing that?

If the shift represents less than 10 percent of the overall budget, all that is needed is e-mail notification to Lani MacRae at DOE and your D&R account manager, along with a revised budget document and planning spreadsheet.

If the shift represents 10 percent or more of the overall budget, the shift will require approval from DOE Idaho. The request can be made via e-mail; please copy Jeff Fogg (foggjc@id.doe.gov) on your request. This request should not require a contract modification, but does require a revised budget document and planning spreadsheet; which should be included with your request. (5/20/10)

Q&A #67.

Are there restrictions or concerns regarding how much and how fast we should draw down funds? (Note: See #85 for related information)

States must follow appropriate DOE procurement rules. Simply put, only draw down what you need in the short term, i.e., expenditures should be "same day," or "as close as is administratively feasible to actual disbursement."

In addition, be careful of interest-bearing accounts for these funds. While such accounts are not prohibited, interest earned on those funds must be spent on rebates before a State can spend the grant monies. Also, if you hold the funds long enough to collect interest, you could be questioned during an audit. (6/22/10)

Q&A #85.

Can a State or Territory draw down funds based on rebate applications received but not yet approved? (Note: See #67 for related information)

Yes, however there are several things the State or Territory should consider:

- The State should only draw down the funds for the applications they anticipate will be approved soon. The anticipated approvals will be based on the State's history of the period of time required from the receipt of the rebate application to its payment.
- The State should also consider the breakage or the percentage of rebates that are denied. For example, if the breakage is 20%, the State should consider drawing down an amount that reflects a corresponding reduction from the possible total rebate payments.
- The State should have procedures in place to minimize the gap between the draw-down and the expenditure.
- The State should not draw down based on anticipated applications, only those that have been received and are being processed. (9/7/11)

Rebate Processor

Q&A #53.

Is it allowable for a State to transfer ARRA funds to its rebate processing contractor in advance, instead of waiting until rebate applications have been processed and an invoice sent to the State?

Each State may decide how best to structure contractual relationships with its rebate processing firm in order to eliminate excessive delays in payments to consumers. Of course the State should work with its contractor to determine the appropriate frequency and size of fund transfers, and ensure proper tracking and reconciliation of all rebate funds issued. All SEEARP awards are under the Automated Standard Application for Payment (ASAP) system, which allows for advance draws of funding by the State. The State is then responsible for proper management of the federal funding. Any special

contractual arrangements that the State determines are necessary for the success of its program are to be determined by negotiation between the State and its contractor. Terms of such contracts should be made in such a way as to ensure that the funds are not misused.

Q&A #70.

Our State forwarded a large amount of SEEARP funding to our program implementer to cover administrative and rebate costs. Those funds have earned interest. Can that interest be used to cover administrative costs of the program?

Yes, but only approved administrative costs. Any interest accrued on program funds must be used for the program. States should not use interest to cover unanticipated or unapproved administrative costs. Any accrued interest should go toward paying administrative costs as outlined in the State's existing DOE-approved budget.

Using interest to pay administrative costs should increase the total amount of money available for rebates. States may also use earned interest to pay rebates. As a reminder, States should keep advance funds in an account for no more than a week or two. (8/9/10)

Increasing Rebate Amount

Q&A #63.

Can my State increase the rebate on one or more of the products for which we are offering a rebate? How do we handle the consumers that have already received a rebate for the product(s) on which we are increasing the rebate amount?

States are allowed to increase the rebate amount for one or more products during the time-period of their program. However, States should be prepared to increase the rebate amount not just for rebates issued moving forward but also for all consumers that made a qualifying purchase and received a rebate prior to the increase in the rebate amount. For example, if you are increasing a clothes washer rebate from \$25 to \$50 and have already awarded 1,000 \$25 rebates, those 1,000 consumers should each receive an additional \$25 rebate.

This increase in rebates that had previously been awarded is not considered a retroactive rebate because the qualifying purchase was made during the time period of program operation.

This requirement to provide additional rebates may have an impact on the administrative costs associated with the change in rebate amounts, and States should make sure they have an adequate administrative budget to cover these costs.

As with all changes to a program, you must communicate these changes via a request addressed to Lani MacRae at DOE and your D&R account manager; that request should include a revised budget tool and planning spreadsheet. (5/20/10)

Q&A #69.

Must States pay retroactive rebates when increasing a rebate level for one or more product category(ies)?

No; it is within the discretion of the States to offer retroactive rebates. Previous program guidance suggested that States should be prepared to increase the rebate amount for rebates issued moving forward as well as for consumers that made a qualifying purchase and received a rebate prior to an increase in the rebate amount. (8/9/10)

Document Storage

Q&A #74.

What are DOE's requirements regarding SEEARP document storage and retention?

According to Federal Regulation 10 CFR 600.242 (b), documents must be retained by the State/Territory for a minimum of 3 (three) years. Additionally, according to 10 CFR 600.242 (d), copies made by microfilming, photocopying, or similar methods, including electronic storage, may be substituted for the original records. States and Territories should not rely on this direction solely but should also follow any additional State/Territory regulations regarding document retention and storage applicable, following whichever is stricter. (12/14/10)